

INTRODUCTION TO THE COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM FOR CREDIT UNIONS

PURPOSE OF THE PROGRAM

The Community Development Revolving Loan Fund Program (CDRLP) was established to support credit unions serving low-income communities. Low-interest rate loans/deposits are made available to assist these credit unions in delivering financial services to their members and improving their long-term growth and stability.

TO PARTICIPATE

Federal credit unions must have a current low-income designation from their NCUA regional director.

State credit unions must have a current low-income designation from their state regulator with NCUA concurrence.

Low-income college student credit unions are not eligible.

ALLOWABLE AMOUNTS

Credit unions may receive an aggregate amount of \$300,000 in loans/deposits. No credit union may have more than two separate loans/deposits at any one time. All outstanding loans/deposits made prior to 1995 will be added together and counted as one loan.

There is no minimum loan/deposit amount.

TERMS AND CONDITIONS

All loans/deposits carry a fixed interest rate of 3 percent. Rates are set annually by the NCUA Board.

Credit unions can apply for loans/deposits any time during the year.

Loans/deposits are normally set up to repay in five years. Shorter repayment periods may be considered.

Generally, the loans/deposit is required to be repaid in semiannual installments, with no principal balance repayment due during the first 12 months. **The last installment will require a double payment.**

Within one year of receiving the CDRLP funds, the credit union must **MATCH** the loans/deposits with member shares or non-member deposits.

EVALUATING APPLICATIONS

Loan/Deposit Purpose: The use or purpose of the funds will be a major consideration in granting the loans/deposits to low-income credit unions. Acceptable purposes would include but are not limited to:

- Meeting loan demand,
- Improving the credit union's ability to deliver services to its members,
- Enhancing earnings to meet salaries, and
- Building capital.

Financial condition: The credit union must have the ability to repay the loan/deposit.

Need: The credit union cannot generate sufficient income to provide adequate service to its members without the loan/deposit.

Matching: The credit union must submit a functional plan to meet the matching requirements of Part 705 of the NCUA Rules and Regulations.

APPEAL OF APPLICATION DECISION

The CDRLP chairman's decision to deny an application may be appealed to the NCUA Board for a period of 60 days from date of the denial, except in cases where denial was due to the availability of funds.

COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM FOR CREDIT UNIONS

APPLICATION FOR FUNDS (Refer to Attached Instruction)

Credit Union Name _____

Charter/Ins. Number _____

Mailing Address _____

Credit Union Phone
Number _____

FAX Number _____

Contact Person &
Phone Number _____

Days/Hours When
Available _____

AMOUNT REQUESTED _____

SECTION I - CREDIT UNION INFORMATION

Year Organized _____ Recent Month-end Assets _____ \$ _____

Total Assets at Y.E. 199__ \$ _____

Number of Members _____ Potential Members _____

1. Describe the credit union's importance to the community (i.e., What difference does the credit union make to its members?)
2. List the services currently offered to members.
3. Provide any additional information relevant to credit union's history/background.

4. Has the credit union developed/completed a 3 year business plan in the last 24 months?
YES_____ NO_____

If yes, please attach a copy.

If no, why not, and when does management intend to develop a plan? _____

5. Provide a narrative of the applied for loan's relationship to the credit union's three year business plan and its goals. **Be specific.**

SECTION II - FINANCIAL INFORMATION

1. Attach copies of the credit union's most recent month-end:

- a) balance sheet,
- b) income statement, and
- c) complete delinquent loan list.

Please explain any negative financial trends (e.g., loans, loan delinquency, capital, income, etc.).

2. List total assets as of December 31 for the past three (3) years.
3. List number of members as of December 31 for the past three (3) years.
4. List percent of delinquent loans to total loans for each of the last three years.
(accounts 6 months and over)
5. Aggregate amount of Community Development Revolving Loan(s) (CDRLP) outstanding.
\$_____
6. List all outside sources of funding that your credit union has received in the past 3 years.
Include non-member deposits, foundation grants, financial assistance from credit unions
and non-credit union organizations.

SECTION III - PROPOSED USE OF FUNDS

Briefly itemize on this sheet **exactly** how these requested CDRLP funds will be **used**.

1. _____

2. _____

3. _____

4. _____

Briefly itemize on this sheet **exactly** how the CDRLP funds will be **matched**.

1. _____

2. _____

3. _____

4. _____

SECTION IV - CONTINGENT UNRECORDED LIABILITIES

Identify any contingent and unrecorded liabilities such as civil actions, large unrecorded out-of-balance conditions, pending law suits, etc..

SECTION V - CHECKLIST OF REQUIRED DOCUMENTATION ATTACHED

_____Application

_____Current financial statements that include the following:

_____Balance Sheet,

_____Income and Expense Statement, and

_____Delinquent Loan List.

_____Explanation of negative financial trends.

_____Three year business plan.

_____Community Needs Plan. Specifically include:

_____The need in the community for financial services, and

_____How the credit union is planning for growth, development
and capitalization to meet these needs.

_____Copy of current charter and amendments stating field of membership.

(Federally insured state credit unions & non-federally insured credit unions (NFICU) Only)

_____ **(NFICU Only)** Copy of most recent outside annual audit.

_____ **(NFICU Only)** Proof of Deposit and Surety Bond Insurance (commonly known in the industry as the “Policy Deck Sheet”) which states the maximum insurance levels permitted by the policies for non-member deposits.

All applications must be sent directly to the following address:

National Credit Union Administration
Office of Community Development Credit Unions
1775 Duke Street
Alexandria, VA 22314-3428

THE COMMUNITY DEVELOPMENT REVOLVING LOAN PROGRAM

APPLICATION INSTRUCTIONS

PLEASE READ THE INSTRUCTIONS CAREFULLY AND SUPPLY ALL THE REQUESTED INFORMATION.

SECTION I - Credit Union Information

Year Organized = Date the credit union was chartered.

Number of Members = Number of credit union members as of the most recent month-end.

Assets = Total assets as of the most recent month-end.

Potential Members = Total number of persons in the credit union's field of membership. (i.e., community + family members)

1. **Describe the credit union's importance to the community.** = Does the credit union make a difference in the community? Does the credit union participate in any community activities (e.g., job fairs, school orientations, part-time student employment)?
2. **List services that are currently offered to members.** = For example: types of loans, types of share accounts, food stamps, money orders, financial counseling, etc.
3. **Provide any additional information relevant to the credit union's history/background.** = List any projects, services, or activities which are unique to the credit union's field of membership. Discuss any historical event which resulted in the credit union's charter. Please provide a brief explanation.
4. **Has the credit union developed/completed a 3 year business plan in the last 24 months?** = The credit union's board of directors should have a formal business plan which forecasts the direction of the credit union. If not, please explain why and when the board intends to develop a business plan.
5. **Provide a narrative of the applied for loan's relationship to the credit union's three year business plan and goals** = Please explain how this loan/deposit will enhance the success of the credit union's business plan and goals.

SECTION II - Financial Information

1. **Attach copies of the credit union's most recent month-end balance sheet, income statement, and delinquent loan list.** = Please include the most current month-end financial reports and explain any negative trends in loans, shares, capital, delinquency, income, etc..

2. **List total assets as of December 31 for the last three years.** = Provide December 31 total assets for the last three years.
3. **List number of members as of December 31 for the last three years.** = Provide year-end total number of credit union members for the last three years.
4. **List percent of delinquent loans to total loans as of December 31 for the last three years.** = Provide year-end percentages of loans 6 months and over delinquent to the total outstanding loans as of December 31 for the last three years.
5. **Amount of Community Development Revolving Loan(s) (CDRLP) outstanding** = Provide the amount due on any loan the credit union currently has outstanding with the revolving loan program as of the previous December 31.
6. **List all sources of funding, other than member share deposits, that your credit union has received in the past three years.** = Provide a listing of all outside sources of funds excluding member share deposits for the past three years. Your list should include, but not be limited to, non-member deposits, foundation grants, financial assistance from credit unions, and non-credit union organizations, etc.

SECTION III - Proposed Use of Funds

Briefly itemize exactly how the CDRLP loan/deposit proceeds will be utilized. = List each proposed use of the funds the credit union is requesting. No narrative is necessary.

SECTION IV - Matching of Funds

Briefly itemize exactly how the CDRLP loan/deposit funds will be matched. = List each source that the credit union intends to seriously pursue to achieve the matching requirement in accordance with Section 705.7(b) of the NCUA Rules and Regulations. The CDRLP funds can be matched via \$2 of CDRLP funds to \$1 of member deposits, or \$1 of CDRLP funds to \$1 of non-member deposits, or any combination of the two.

SECTION V - Contingent and Unrecorded Liabilities

Identify all contingent and unrecorded liabilities. = List all contingent and unrecorded liabilities (e.g. lawsuits, civil actions, large out-of-balance account conditions in the credit union's books and records, etc.).